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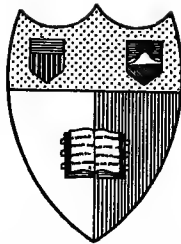
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# THE NEW OUTLOOK

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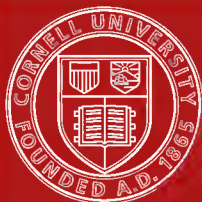
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# The New Outlook

## I

### LEAGUE OF NATIONS

**N**O one who has recently discussed social or political questions with any of our fellow-countrymen can have failed to notice a deep underlying feeling of irritation and disappointment. It pervades all classes, and though its expression takes different forms, it all comes back to this : We hoped for a changed world ; we were told that the Armistice was the beginning of a new era ; poverty, overcrowding, ignorance, preventable disease were to be driven out with the Hapsburgs and Hohenzollerns ; England was to be made a land fit for heroes. But in fact everything is much the same as before. Wages are higher, but so are prices and taxes. We see the same old disputes between capital and labour. Poverty and disease, overcrowding and insanitary dwellings, are as bad as or worse than they were before ; and heroes must be easily satisfied if this is all that can be done for them.

Nor is the outlook abroad at all more comforting. A year after the Armistice wars and rumours of wars are still distracting Europe. ' British troops are, or till very recently were, still engaged in Russia, in the Caucasus, in Syria, in Mesopotamia, in Persia. British money is still being expended at a rate which in

pre-war days would have been incredible. Even the Treaty, which was at first hailed with such fervour, is looked upon with increasing doubt. One set of critics are beginning to question whether it has really brought any great advantages to this country. Another set view with consternation its dealings with Danzig, the Saar Valley, the Tyrol, Silesia, Reparation. Some are asking when the trial of the Kaiser is coming off. Others are hoping that we shall avoid that crowning folly, even if at the loss of some national prestige. In a word, men are beginning to ask whether posterity will really think the Treaty of Paris was any great improvement on the Treaty of Vienna.

Finally, there is the Irish nightmare. In that unhappy country we seem to be no nearer a settlement than we were before. True, the Irish are materially prosperous. True, they enjoy all, and more than all, the advantages enjoyed by the English. True, Government after Government has exhausted itself in trying to remedy Irish grievances, real and imaginary. But nevertheless the broad fact remains that politically the Irish hate us, and never miss an opportunity of railing at and injuring the British Empire both at home and abroad.

I am not now concerned to discuss how far these criticisms are just. Some of them may be well founded; others are unfair or exaggerated. In particular, the dissatisfaction with the Treaty ignores the fact that, like all international documents, it is a compromise, and it is the nature of compromises to satisfy nobody. The thing to realize is that such feelings exist, and that they are the product of a widespread movement of public opinion. Men are no longer content with the old order of things. They will no longer accept pre-war axioms of social and political

organization on any authority, however venerable. They say, surely with truth, the old system is an admitted failure. It has brought us within measurable distance of wholesale anarchy. Something fresh must be tried, since nothing but destruction and disaster await us on our present course. That, unquestionably, was the genesis of the League of Nations. Shocked beyond measure by the unequalled horrors of the late war, the peoples of the world demanded the erection of some safeguard against its renewal. I am not going here into any detailed consideration of the terms of the Covenant, for I shall have other opportunities of doing that. It is enough to point out that no document was ever less the work of one man or one group of men.

It began as the almost spontaneous expression of the passionate desire for peace of those who had experience of what modern war meant. Gradually, as the idea developed, it was recognized that the chief cause of wars in general, and this war in particular, was unbridled rivalry and competition between nations, which in the case of unscrupulous peoples or their rulers, like Germany and Prussian Kaiserism, became a desire for universal domination. The problem was felt to be how to curb this passion of rivalry. Of its enormous power there could be no doubt. It is deeply intertwined with every phase of human activity, from the quarrels of two babies over a toy to the rivalries of statesmen and the controversies of theologians. It passes under many names. As emulation we rely upon it for our games and our education. As individualism it was once the admiration and is now the bugbear of advanced political thinkers. As competition it was the god of the nineteenth century.

But if the spirit of competition is strong, the spirit

of co-operation is its equal. We know it in a thousand forms. *Esprit de corps*, patriotism, nationalism, party spirit, are some of its more familiar appellations. It has inspired great deeds and has been the instrument of great crimes. Without it German unity would have been impossible, and it was by its means that Germany sought to enslave the world. Since the disruption of Christendom no attempt has been made to utilize this force for the pacification of the world. That is the central conception of the Covenant.

As those who were responsible for framing it examined the problem before them they became more and more convinced that the existing international relations were based upon a fallacy. They proceeded on the assumption that every nation was the potential enemy of every other nation. Hence came the whole paraphernalia of the old diplomacy—competitive armaments, secret understandings, alliances, and counter-alliances, the balance of power, and all the rest of it. But as a matter of fact, the common interests of the nations of the world are nowadays far larger and more important than national antagonisms. The idea that the prosperity of one nation is an injury to the others is a complete delusion. The contrary is the case. If there is distress on the Continent of Europe, it means that we shall have fewer customers. If as a consequence of distress the standard of living falls in foreign countries, our standard of living will be threatened. If Eastern Europe is devastated by an epidemic, we must take precautions to keep it from our shores. Anthrax would be an unknown disease in England but for the incompetence of Eastern sanitation, and our dogs are muzzled here because Europe tolerates hydrophobia.

In finance the interdependence of modern countries

is clearer still. Indeed, the close co-operation of the financial interests of the world has led to the creation of a largely mythical figure which is supposed to dominate world politics. Whenever I have met anyone who could be called an international financier I have not been struck so much by his want of scruple as by his extreme timidity. He trembles at every rumour, and so far from controlling world forces he is the sport and plaything of every journalist and every politician. Perhaps my experience may have been exceptional. But in any case, whether you regard international finance as a sinister force of world-wide power or as a group of men timorously speculating on the uncontrollable movements of public opinion, its importance to the prosperity of the world has been shown by the terrible difficulties in which Europe has been placed by its partial breakdown.

The Covenant, then, proceeds upon the theory that the only hope of curbing the lawless exuberance of international competition is by fostering international co-operation. How that idea is worked out in detail I must leave the text of the Covenant itself to explain more fully. I would only here say that if we really believe the plan is worth a trial—and, remember, no other solution of our international difficulties has been even proposed except a return to the old international anarchy—if, in the popular phrase, we mean business, it is not enough to have subscribed the document, we must carry it out in spirit as well as in letter. Our whole foreign policy must be based on the League of Nations. We must regard the misfortunes of other nations as a matter of national concern to ourselves. If foreign babies are starving for want of milk, we must go to their assistance diplomatically as well as pecuniarily. If we make an agreement with a semi-

civilized country to help it in putting its affairs in order, we must be ready to submit the convention to the approval of our fellow-nations. Until a general arrangement for the limitation of armaments has been arrived at we should seek to regulate our naval and military policy in consultation with other Governments. Nor should we stop there. It is at least a question whether the principles of the League of Nations may not be extended still further, and whether the only hope of averting the threatened class war is by modifying the spirit of class competition by that of class co-operation.

An examination of this question must be postponed to another section.



## II

### INDUSTRY

#### (a) THE PROBLEM

**I**T cannot be too often repeated that the recent railway strike was the outward expression of a movement which has long been gathering force. Even before the war it was clear that industrial disturbances were in danger of assuming the shape of a class war. Extremists were already preaching it here, and on the Continent it had many adherents. The forces of labour were being more and more closely organized and disciplined. Trade Unions had been federated, the Labour Party had come into existence, and opposed to them were Employers' Federations, the Liberty and Property Defence League, and many other similar organizations.

The war has greatly accelerated this movement all over Europe. In some countries, such as Russia and Hungary, it has actually produced a class war, with disastrous results, and although it would be a mistake to believe that Bolshevism as such has any considerable following in this country, yet the ideas at the root of Bolshevism—dictatorship of the proletariat, suppression of the bourgeoisie, and all the rest of it—are certainly not without their influence on the British industrial situation. Indeed, if Bol-

shevism be regarded as social scarlet fever, we may perhaps be said to be suffering from what the doctors used to call "sympathetic sore throat."

For it is useless to deny that a lightning railway strike is in the nature of a revolutionary movement. It is entirely different from an ordinary strike, the object of which is to deprive the employer of his profits unless he will accept the terms of the strikers. The purpose of a lightning railway strike is not to put economic pressure on the employers, but to hold up the whole machinery of the State, in order to obtain the desired conditions. In the late strike the railway shareholders were unaffected. Under their agreement with the Government at the outbreak of war they received a fixed annual sum, whatever the profits of the railways. The people who suffered were the general population of the country, and necessarily it was the weakest and most defenceless who suffered most.

Nor can we be sure that the attempt will not be renewed. On the morrow of the settlement some of the leaders are reported to have said that the strike was not completely successful through want of adequate preparation; in other words, they believe that with adequate preparations it would have succeeded. I am certain that they are entirely mistaken, and that the general mass of the community will always resist, and resist successfully, any action of that kind. But any such strike, however short-lived and however completely defeated, is a grave matter, and may easily develop into a serious national disaster.

It is no doubt right to take due precautions to prevent the success of revolutionary movements; but it is of still greater importance to inquire into the

causes of the discontent which produces such movements, and if possible to provide a remedy.

It certainly would be a tragedy if this country drifted into a class war. No one wants it except a few extremists on both sides. Nothing could have been more remarkable than the statesmanlike action of all the reasonable leaders of Labour in the railway strike. They were evidently profoundly convinced of the immense national danger of the situation, and worked hard and successfully in the interest not of one class or another, but of the whole nation. Nor can it be doubted that other sections of the community are equally anxious to avoid a class war. At the same time, unless employers and employed can be brought to see that their common interests are much greater than their separate interests, the danger of the situation will remain. The great thing, therefore, is to bring the two sections of the industrial community together. With this object practically everyone is agreed, and the question really is, How is it to be done?

There are many who pin their faith on State management. According to that school, the thing that keeps classes apart is the idea that the workman, by his exertions, is merely enriching the private individual, and that, if he was working for the State, his attitude would be entirely changed. This view has been chiefly put forward in connection with mines and railways, but it is difficult to see why, if it is true, it does not apply to all, or almost all, forms of industry. But if State management were generally established, it would mean the suppression of all private employers, and the transference to Government Departments of the whole of the direction of industry.

Now there are very grave political and social objections to this course. Some of them have been exemplified in the railway strike. Where the State is the employer, the Government is charged with two separate and to some extent inconsistent functions. From one point of view it is a direct party to the dispute, and the employees tend to regard the Cabinet as a board of directors, with the Minister of Transport or other Minister concerned as their General Manager. In another aspect the Government should and must represent and protect the community as a whole. For this purpose they must preserve an attitude of the strictest impartiality in the dispute, and take care to do full justice to both sides. As employers they may well think it right to appeal to the nation in picturesque and forcible language. As a Government they will naturally avoid doing or saying anything which could exacerbate the quarrel. In the late strike the Government discharged these difficult duties with a large measure of success. But even so it is doubtful whether without the assistance of the Trade Union leaders their moral authority would have sufficed to bring about a settlement.

The maxim that no one should be a judge in his own cause is a sound one, and when State employees strike it is difficult, if not impossible, for a Government to avoid being put in this position. Nor would the difficulty be surmounted by the erection of an independent tribunal to whom appeal could be made in such a case. Apart from the difficulty of finding a body which would command the confidence of both sides, the Government would still necessarily remain in control of the executive powers of the State, and would have to decide in the last resort whether or no

it would accept the decision of the tribunal, and what, if any, steps it would take to carry the decision into effect.

There are besides the familiar and, I think, well-founded objections to increased State employment, that State management of industry tends to standardization, and standardization is the enemy of progress; and that if the wages of a large section of the population depended on the notes given in Parliament, those candidates only would be elected who promised the largest increase of wages to each section of the wage-earning electors. Such a state of things would be as degrading to the wage-earners as it would be to our political institutions. Even as things are, State-paid electors tend to exercise their franchise on very narrow grounds.

But it is unnecessary for my present purpose to go farther into the political and social merits of nationalization. The question we are now considering is whether it would in effect avoid unrest. It seems difficult to see why it should. There would still be employers, but they would be civil servants. It is a delusion to suppose that class antagonism really depends upon private profit. It really arises from the separation of the employing and employed classes, producing in the minds of each the impression that their interests are divergent. Experience confirms this view.

We have had during this year as much trouble amongst the police, railwaymen, and miners as amongst any other sections of the industrial population. The police are unequivocally State servants. The railwaymen for the last five years have been directed by the State, while the profits of the railways, after paying a fixed charge for the benefit of the

owners of the capital, go entirely to the State, and the same is to a very large extent true of the miners. Nor is there the slightest ground for saying that other State servants are better satisfied and less inclined to strike than those wage-earners who are in private employment.

The truth is that the State for this purpose means certain officials upon whose advice the Government necessarily mainly acts. They are, generally speaking, as much aloof from the employees as any managers or owners of a private undertaking. Indeed, since they act not as individuals but as representatives of a great impersonal entity, they are less amenable to humanizing influence than private employers. If we had State management, all employers would in effect be bureaucrats, and the characteristic vice of bureaucracy is remoteness to the verge of arrogance. It was a bureaucrat who said, "This people that knoweth not the law is accursed."

If, then, State management is not the remedy for industrial unrest, what is? The full answer to that question must be reserved for another section. But I may say briefly that I think Mr. Gosling put his finger on the spot when he said that the movement of the workers was "from the status of an employee to the status of a partner."

## III

### INDUSTRY

#### (b) THE REMEDY

TO avoid antagonism, what is wanted is the fusion of classes, and as I have already contended, there is no ground whatever for thinking that State employment would help to that end. Let us return to Mr. Gosling's statement of the problem. "I see," said he on October 7th, "a tremendous, an irresistible, tide advancing. . . . That tide is the movement of the workers towards a fuller share in the control of industry. It is the movement from the status of employee to the status of partner."

It would be difficult, if not impossible, to arrange for the workman to be a partner of the State. But there is no impossibility or even, as I think, any serious difficulty in giving him the "status of a partner" in a privately managed undertaking. To me it seems that this demand made on behalf of Labour is essentially reasonable. The stake of the wage-earner in an undertaking is at least as great as that of the employer. The employer supplies the capital and the directive ability, both of which are, no doubt, as necessary for the success of the undertaking as labour itself. But broadly speaking the employer has at stake only the money which he has invested in the concern. It may be—it sometimes is—a very

large portion of his livelihood ; if he loses it he will be seriously inconvenienced, but no more. If, on the other hand, the wage-earner loses his employment, too often he may find extreme difficulty in getting anything else to do. In the country districts this difficulty is enormously increased by the present condition of housing. For, if the labourer loses his employment, he probably loses his house as well, and as things stand it is exceedingly doubtful whether he and his wife and children will find any decent habitation. To a lesser extent this is true in many urban districts also. That means that if, owing to mismanagement, an undertaking fails, the employer may be financially hard hit, but the wage-earner will certainly lose his employment, may easily lose his house and home, may not impossibly drift into the class of unemployed, and from thence into that most tragic product of modern civilization, the unemployable.

Who can say, in these circumstances, that the stake of the wage-earners in industry is less than that of the employer? or that it is unreasonable for the former to ask for a voice in the management of the business on which their very existence depends? I know it is said that if you once allow this you will cut at the root of our whole industrial prosperity ; that even if such a change did not produce complete disorganization, as some think it would, it must hamper industrial enterprise. Industry, it is said, must be directed by one brain, or at any rate by one interest.

To entrust the untrained and inexperienced worker with any share in the management is to court disaster. There is indeed a certain force in this contention. The same argument has often been used in the political sphere. An autocrat or oligarchic form of government has, in theory at any rate, certain executive



advantages. In practice the advantages are not so great as they sound, because whatever the system of direction in industry or in politics, it is necessary to work through the machinery of government or management, and it is on the excellence or incompetence of that machinery that the smoothness of executive action mainly depends.

I do not deny that where you have a really capable autocrat his decisions ought to be more rapid and more intelligent than would be those of a more democratic form of control. But capable autocrats are rare, and incapable autocracy is the worst of all forms of government. Moreover, the most important thing is, not to make the decisions, but to get them carried out, and the rapidity and efficiency with which decisions are carried out depends far more on the willing co-operation of the subordinates than on anything else. If, therefore, a change in the organization of industry were introduced which would utilize what is at present quite wasted—the intelligent will of the workers—and would conduce to cheerful co-operation between the management and the wage-earners, it is not improbable that, so far from diminishing, it would improve the present efficiency of industry.

It is also sometimes said that the secrets of industry would no longer be safe, if representatives of the workers sat on the Boards of Directors. There are many who think that British industry has lost far more than it has gained by the secretiveness of employers. But, waiving that consideration, why should it be thought that wage-earners as a class are less discreet than others? They certainly keep their own trade secrets remarkably well. The proceedings of bodies of Trade Union leaders are at least as secret as those of the Cabinet.

Consider, too, with how many secrets printers are entrusted. Great quantities of highly confidential matter are constantly being printed in commercial negotiations, in legal proceedings, in literary ventures, and in political and diplomatic affairs. And yet I have never heard of an instance in which the printers were accused of indiscretion. It is of course true that unconscionable employers would find it impossible to conceal from workmen directors the extent of their profits. But that is one of the chief reasons for the proposed change.

It seems to me, therefore, that from every point of view there would be much to be gained by raising the status of the worker to that of a partner. Such practical experience as there is on the subject seems to confirm this view. In many undertakings both here and abroad experiments in the direction indicated have given encouraging results. There are doubtless instances leading to an opposite conclusion ; but it is obvious that in a case of this kind one success tending to prove the practicability of the proposal is of greater evidential value than many failures which may have been produced by faulty conditions.

For there is no cast-iron scheme of partnership applicable to every industry. The circumstances of each undertaking must be separately considered. In every case, however, the general principles are the same. The wage-earners should be given, in the mode and subject to the conditions required by each industry, a share in the profits, if possible a share in the capital, and above all a share in the management. Indeed, the share in the profits and capital is chiefly of importance as an element in the status of partnership. It may have (in some cases it has had) the result of increasing the interest of the wage-earners in their

work, and giving them a sense of responsibility for its execution. But unless it carries with it some voice in the management of the undertaking, profit-sharing will be shorn of half, and more than half, its advantages.

And when it is said that the wage-earners should have a voice in the management, it is not enough to give them a voice in the settlement of wages and conditions of labour. Conditions of labour largely depend on directive policy. The method in which a business is carried on often automatically settles the wages that can be paid. Moreover, unless the wage-earners are given a share in the responsibility for carrying on a business it is almost impossible for them to consider questions of hours and wages in a broad, practical spirit ; and unless they are in a position to obtain, as of right, authoritative information as to the economic position of the undertaking, how can they form a trustworthy judgment on such questions? To exclude the wage-earners from a share in the general management is to destroy the chief psychological value of the proposal. Labour would still remain in a position of inferiority to capital, and the whole conception of the partnership of the two would have disappeared.

It is quite true that in some industries, such as agriculture, for instance, certain practical difficulties may be urged against the proposal. I believe, however, that there is at least as much to be gained by its application to agriculture as to any other industry ; though modifications might be necessary, provided that the general principles contended for were applied.

Again, the adoption of partnership principles is of special importance in certain industries, called loosely services of public utility, in the smooth working of which the general public are directly interested. Of

course, there can be no rigid line of division between undertakings which are and which are not of public utility. In a sense every undertaking, unless it be connected solely with the luxury trades, is one of public utility ; just as almost every industry may from one point of view be regarded as a "key" industry. But, nevertheless, there is a real meaning in the phrase. Perhaps it can be best seen by considering a strike. If a strike takes place in the motor-car trade, or even among the boiler-makers, it may cause considerable inconvenience and loss to the employers, and to a relatively small section of the public, who are immediately affected by a stoppage in those trades. Ultimately, no doubt, if such a strike went on and involved the whole industry it might have much more serious results. But for any period such as a strike usually endures the pressure exerted by it will be mainly upon the employers in the industry itself.

In such a strike as the railwaymen's it is, as has already been said, just the other way. The pressure is there not upon the employers but upon the whole community, and the same to a less extent would be true in the case of a general coal or transport strike. Here, then, the need for importing the spirit of partnership is of the greatest importance, and no time should be lost in reorganizing these industries so as to secure that end. So long as the forces of the wage-earners in them are drawn up in battle array against their employers, there must be a menace to the credit and prosperity of the country.

Further, it may well be thought that some safeguard should be erected to protect the community against lightning strikes in services of public utility. They are unquestionably intolerable. It cannot be right that it should be in the power of one section of

the community to inflict widespread loss and inconvenience on the rest of their fellow-citizens in order to secure some trade advantage for themselves. The matter is one of great complexity and difficulty. But to my mind the proper solution is the application of the principles of the Covenant of the League of Nations. It is one of the corner stones of the Covenant that every other means for the settlement of international disputes must be exhausted before war is resorted to ; and in particular there must be sufficient inquiry and delay to enable instructed public opinion to intervene in the quarrel.

It would need very careful consideration to say how this doctrine could best be applied to industrial affairs, but I cannot myself see any ground on which we should hesitate to apply to those strikes which really amount to industrial war the same regulations, in principle, that we are proposing to apply to war between nations. To put pressure on employers by a stoppage of work is one thing. To attempt to coerce the general public by a species of domestic blockade is an entirely different proceeding. It is, in truth, a political operation—a kind of economic insurrection—justifiable only, if at all, in extreme cases, where Trades Unions are electorally powerless, a condition which in this country has long since passed away.

## IV

### FINANCE

**I**F the reorganization of industry on the basis of partnership between employers and employed be necessary for its peaceful progress in the future, there is no doubt that the most fruitful cause of present discontent is the general rise of prices. When I visited my constituency at the end of August there was no topic on which anything like the same unanimity was shown. The chief complaint was that the increase in wages from which so much had been hoped was largely—it was often said entirely—eaten up by the higher cost of living. “We were better off with our old wages and old prices.” “They,” i.e., the powers that be, “take out of one pocket what they put into another,” and so on. The disappointment is general throughout the country, and is natural enough; though the wage-earner does not perhaps always recollect that the large number of people with small fixed incomes are even worse off than he is.

What is the cause of high prices? The most general popular belief is that it is profiteering, and the Government at the end of last session gave some support to that view by rushing the Profiteering Act through Parliament. Yet it is surely clear that profiteering, repulsive as it is, can have very little to do with a phenomenon prevalent in every trade in this country, and in every other country in Europe.

It is not really credible that all the merchants and tradesmen all over Europe have suddenly and simultaneously become unconscionable rogues.

A more plausible explanation is the general scarcity caused by restricted output and dislocation of trade and transport. That increased output and the restoration of trade are vitally important to our continued prosperity, and that they will have some effect in lowering prices is certainly true. But that general scarcity is the full or main explanation of the high prices is almost certainly untrue. The best economic opinion seems to be agreed that, while scarcity no doubt plays some part in causing a rise of prices, the chief reason for it is the great increase of currency. The explanation is something like this.

Owing to the necessity of finding means to pay for the vast amount of munitions and other war expenditure, the Government created a large number of so-called currency notes—that is, notes for which gold cannot be demanded—by which the actual currency of the country was made between two and three times greater than it was before the war. Hence there is now so much more currency available to carry on the commerce of the country than there used to be, and in consequence more is used for each transaction, or in other words, larger sums of money are required and given for the purchase of goods. Certainly this view has this to be said in its favour, that it does account with fair completeness for what is actually happening both here and in the rest of the world. Prices here have gone up to about the same extent as the currency has been increased, and the same phenomenon is observable in other countries.

Whatever be the accepted explanation of the rise

in prices, one thing is certain. It is of enormous importance that Government expenditure should be ruthlessly cut down, and that in no circumstances should a further expansion of currency be permitted. That ought to have been done months ago. The atmosphere of the General Election and the succeeding period was utterly pernicious. Instead of allowing it to be thought that with the end of the war all our economic difficulties were over, and that with light hearts we might anticipate a land fit for heroes, we should have been told that the strictest economy was more than ever necessary. And the Government should have shown the way. Their military commitments in Russia and elsewhere should have been reduced to the lowest point as soon as possible. The Transport Bill should have been confined to such provisions as were immediately essential for restoring the transport services to reasonable efficiency. A Housing measure was undoubtedly necessary, but it should have been framed with far more regard for economy than that which the Government in fact produced. Retrenchment in all the Government offices should have been carried through as rapidly, and as drastically, as possible, and a thorough inquiry should have been set on foot into the whole economic position of the country.

Unfortunately, none of these things were done, and for many months the Government showed no sign that they realized the urgency of the economic situation. To be frank, it does not seem at all certain that they do so yet. So far they have produced no comprehensive scheme of retrenchment, and ministerial speeches are still apt to harp on the El Dorado of comfort, if not luxury, for all classes which somehow we are to reach. It is therefore



necessary to press with increased vigour for a real policy of economy. Several proposals have been made. On the whole, the best seems to be that the Treasury should decide what is the inexpandible maximum of our administrative expenditure, that then, after taking counsel with the various departments, they should allocate to each the amount which can be afforded for that service, and thenceforward not a farthing more should be allowed, except to meet some unforeseen emergency, and then only if previous Treasury sanction has been obtained.

The essential parts of this proposal are that the total expenditure should first be fixed by the Treasury on purely financial grounds, that the allocations between the departments should be made once for all, and that once made the method of expenditure within the department should be left entirely to its discretion. In that way it would become the departmental interest of every official to be economical, so that the money might go as far as possible. I would even provide that if a department did not spend the whole of its allocated sum it might carry the balance forward to the next year. By a plan of this kind economy would become a departmental virtue, which would be considered when there was a question of an official's promotion, and the perpetual wrangles with the Treasury over administrative details, with the consequent friction and delays, would become things of the past. I do not favour the device which has been adopted in the Transport Bill of installing a Treasury official in the Ministry. I should be afraid that either he would accept the views of the Ministry and become useless, or he would not do so and would be courteously boycotted.

Next, the question of reduction of currency should

be faced. It may be that such a measure would, on balance, do more harm than good by creating further uncertainty and dislocation. If so, we may have to recognize that high prices have come to stay, and that we must permanently alter all salaries, wages, and other payments for services rendered. But in that case it should be also recognized that all persons with fixed incomes from investments have already lost a very large fraction of their capital. It has been taken from them by Government action just as effectually as if they had been deprived of it by a capital levy.

That is an important consideration when we come to deal with the last branch of the financial problem. We have during the war piled up an immense debt, which we are at present trying to deal with by an enormously increased taxation. It is argued with undeniable force that this involves a heavy handicap on commercial and industrial enterprise. Taxes are so high that it is doubtful if enough reward is left to the individual to induce him to take risks, and without taking risks there can be no progress. This, too, should be thoroughly investigated. If it be found true, the question of a capital levy to pay off debt would have to be carefully considered. It is, in my view, a pure question of expediency. If a landowner succeeds to a heavily mortgaged estate he may either continue to pay the interest on all the mortgages or sell part of his land and redeem the encumbrances on the rest. That is the present problem of national finance.

Would it be better to realize part of our capital and pay off part or all of the war debt? Or is it more prudent to continue to pay interest on it even at the cost of the present crushing taxation? Neither

course is agreeable, and I do not see how we can decide between them until our information is much more complete than it is at present. But two things may be said immediately. There can be no case for a capital levy except to pay off debt and thereby relieve taxation. What security is there that it will really be used for these purposes, and not merely to encourage national extravagance? Can we be sure that it will be treated, not as a new source of revenue, but as an altogether exceptional substitute for existing taxation? Unless such security can be obtained we cannot afford to make so risky a financial experiment.

Next, if we are to have far-reaching financial changes the whole system of our taxation should be reviewed. At present direct taxation falls primarily on a small class, and the great bulk of the community contribute by indirect taxation only. The result is that those in whose hands lies the chief political power do not feel immediately the burden of expenditure. It is no doubt true that they do have to find part even of the super-tax and death duties, since all taxation necessarily falls sooner or later on the whole body of the population. But this is not easily perceived, and hence, though all desire economy in the abstract, the real rulers of the country are apt to imagine that national extravagance does not matter to them. On the other hand, the indirect taxes on necessities are not easy to defend. They are arbitrary in their incidence, and their indirect effect is or may be harmful to the health of the community. It would seem a much preferable arrangement to sweep away all the worst indirect taxes and replace them by an extension of the income-tax, to include, though of course at a very reduced rate, a much larger body of the population.

## V

### PARLIAMENT

THERE is no reform more urgently necessary than the rehabilitation of Parliament. The demand for direct action would never have arisen if Parliament had commanded the full confidence of the people, and if in the next few months we have to face, as is by no means improbable, increasing domestic and foreign difficulties, the falling prestige of Parliament may be a very serious aggravation of our position. It would take too long to inquire into the historical causes of the Parliamentary disease, and indeed there is considerable dispute as to what they were. But as far as the House of Commons is concerned, the leading feature of the present situation is clear enough. The people are beginning to disbelieve in the House, because the House no longer believes in itself.

The first thing is to restore the self-respect of the House. When, at the end of the summer, the Government insisted on keeping members up all night in order to drive through committee in one sitting a novel, important, and singularly ill-drafted measure, they were supported in their action by a great majority of the House. Why? Because members did not think that proper Parliamentary consideration of the matter was of any real value. That is characteristic of the modern House of Commons, and particularly

of its official members. Even before the war the Government of the day treated the House of Commons with growing contempt, and during the war it scarcely counted at all. Ministers, taking full advantage of the time, rode roughshod over all Parliamentary institutions.

That was, perhaps, unavoidable so long as hostilities lasted. At any rate the House was powerless to resist. Things are changed now, and it is much to be hoped that the House will resolutely reassert itself. In the first place, it should insist on the much more frequent presence of the Prime Minister at its debates. He might come down to answer his questions and stay either in the chamber or on the premises on at least two days in the week. Mr. Bonar Law, with all his Parliamentary dexterity, can never really take the place of the head of the Government. He can never be more than his lieutenant. The British Prime Minister is not like the President of the United States. He is constitutionally responsible to the House of Commons, and the House should insist on making that responsibility a reality.

Next, the absurd doctrine that the fate of the Ministry is involved in almost every division should be put on one side. It is a comparatively modern growth, and has done more than anything to injure Parliamentary self-respect. Members, knowing that they have got to support the Government, right or wrong, unless they are prepared to turn them out, do not trouble to listen to the debates, and the whole realities of Parliamentary discussion are destroyed. The Government should announce that for the future, except on rare occasions, they will not regard a Parliamentary defeat as fatal to their existence. If they refuse to do so the remedy is in the hands of

members themselves. Let them vote on all matters of secondary importance on the merits of the question, and leave the Government to resign if they like. They certainly will not do so.

Thirdly, the growing habit of settling important questions behind the back of the House must be abandoned. We are too often told that some Bill or clause has been "agreed" on by the parties interested, and must not be changed by the House. That is insufferable. Even the practice of referring controversial matters to a Speaker's conference is a dangerous one, and should be carefully watched. Certainly the decision of such a body should never be allowed to interfere in the slightest degree with the complete liberty of action of the House itself. There are other alterations in our actual procedure which might be suggested. But it is needless to do so. It is enough to say that the House of Commons must for the future be taken seriously, both by the Government and itself.

There is one feature, not of its procedure, but of its constitution, which interferes greatly with its moral authority. It claims to be a representative assembly; but owing to the method by which members are chosen the extent to which the composition of the House corresponds with the balance of opinion in the country is a matter of the merest chance. The present House is a particularly glaring instance of the fatuity of our present system, and one can see that in its corporate consciousness it recognizes its unrepresentative character. But there is no security that its successor will not be just as bad. The present House has an unjustifiably large Coalitionist majority. The next one may be as indefensibly swamped by some other party. Unless we have all taken leave of our

senses, this blot on the Constitution should be forthwith removed by the enactment of some system of Proportional Representation.

Hitherto we have spoken of the House of Commons itself. But it suffers also from external causes. The present condition of the House of Lords is not only fatal to the effectiveness of that Chamber, but reacts very unfortunately on the Lower Chamber as well. It is not good for any person or body to be put in a false position. Nominally the House of Commons forms part of a bicameral system. In important legislative matters we are actually living under a Single Chamber Constitution. Not only was a large part of the constitutional powers of the House of Lords taken away by the Parliament Act, but it was so battered in the controversies of that time that it has ceased to be a workable institution.

All parties are formally agreed that it ought to be reformed. But no Government cares to undertake the duty of reforming it. Its very weakness is its protection. It dare not interfere seriously with the projects of the Government of the day—a state of affairs of which the Government naturally approves. But unless we are definitely to abandon our belief in the advantage of two Chambers, reformed it ought to be. Nor is it difficult to see the lines on which reform should proceed. We must substitute an elective for the hereditary basis. In the present state of opinion nothing but election will confer on a legislative chamber sufficient prestige to enable it to discharge its duty. Secondly, since it is desirable that the electorate should be different from that which chooses the First Chamber, it would be best to choose the members of the Upper House by some form of secondary election, preferably by Local Government

bodies. Thirdly, in order to avoid a sudden and complete break with the existing system, it should be arranged that some proportion of the new Second Chamber should consist of members of the old. Differences of opinion between the two Chambers should be forthwith referred to the judgment of the electorate, thus obviating the useless and irritating delay provided for by the Parliament Act, and giving to the people themselves the last word in every controversy.

By reform on these lines new life and vigour might be infused into Parliament. That does not mean necessarily that it would become a speedier legislative machine. With the new Standing Committees, which in an improved form should remain part of our constitution, legislation, in fact, proceeded last Session about as fast as it could be properly prepared by the Government departments. But legislation is by no means the only duty of Parliament. One of its chief duties is, as its name implies, discussion. The present House, like its predecessors, contains men of all kinds and almost every shade of opinion. There is no subject which can be brought up upon which there are not many members qualified to give an opinion. Cheap sophistry and frothy sentiment are soon at a discount. Ability, knowledge, and sincerity will always get a hearing. The "general sense of the House," if only it be given fair play, is seldom at fault. Once restored to its pristine activity, there would be no Assembly in the country, be it Commission, Congress, or Council, which can better redress grievances, expose fallacies, and quench violence than the Mother of Parliaments. A little energy on the part of members and a little goodwill on the part of the Government and all may yet be well.



## VI

### IRELAND

IT is not the purpose of this essay to survey the whole field of politics—if it were, there are obviously many other topics which would have to be dealt with. In particular there would be much to be said about trade, about agriculture, about education, about Church policy, and the necessity for giving the Church greater freedom of self-determination, and about housing.

As to the last, it may be said quite briefly that there does not appear to be much hope that the Government's scheme will succeed in solving the problem. A plan which can only produce labourers' cottages at a cost of between £600 and £1,000 apiece involves such a burden on public funds that it will never be fully carried out. Nor will it ever be possible to let a house so built at anything like an economic rent, at any rate in rural districts; and eleemosynary houses are just as objectionable as any other form of doles to sections of the population. Indeed, they are worse; for the fact that they are being built automatically dries up all other and healthier channels by which the difficulty might be solved. The truth is that the scheme is far too bureaucratic, and if the difficulties of the position—admittedly great—are to be overcome, it can only

be by summoning to our aid all available forces, including those of private enterprise.

There is one topic, however, which can never be ignored, and that is Ireland. There is perhaps in history nothing more pathetic than the well-meaning and wholly ineffective efforts of British statesmen during the last century or more to find a solution for the Irish question. Over and over again some particular aspect of it has become acute; over and over again, after prolonged consideration, proposals have been sanctioned which well-meaning enthusiasts have been confident would prove acceptable to the Irish; and over and over again, as soon as the proposals have been made law, Irish agitation has redoubled in fury.

We are now assured by one set of advisers that Dominion Home Rule for the whole of Ireland is the only way out. Another set pin their faith to some form of Federal Constitution. Unfortunately, the first of these proposals is inconsistent with the Ulster case, and the second appears to be rejected with great impartiality by almost everyone in Ireland. According to one school, no solution is possible which does not include the whole of Ireland; on the other hand, the Ulstermen have sworn to oppose any settlement which shall give authority to an Irish Parliament over the Protestants of the North-East.

Amidst this clash of conflicting counsels I will venture to express my own view for what it is worth. In the first place, I do not believe that it is of any use at this stage to try to produce an ideal scheme which will be accepted by all Irishmen, nor do I believe that any new constitution for Ireland will secure to her people such good government as she

at present possesses. I still hold that by the Union she gets better administration and greater commercial and financial advantages than she is likely to secure in any other way. But the Union can only be successful if the people of Great Britain are prepared to hold to it and administer it without vacillation. That means, unhappily, that from time to time they must be ready to enforce the law and maintain order in the sister island, even when those operations are not acceptable to her people. That is a hard saying in these days, when we are preaching the doctrine of self-determination in Europe, and are loudly proclaiming that government ought to be with the consent of the governed. Moreover, the fact that the Home Rule Act is part of the statutes of the realm makes this policy almost impossible. It would involve the Ministry going down to the House of Commons and asking them to repeal that Act and put nothing in its place. I doubt if any House of Commons would accept such a policy; I feel almost sure that the present one would reject it.

If, then, the Union cannot be maintained, it seems inevitable that some form of Home Rule must be conceded. There is undoubtedly much to be said for federalism. It is said that it is a system of government which has been markedly successful wherever it has been tried. The accuracy of the observation may be doubted. At any rate, Austria, which had very much the appearance of a federation, was certainly not successful. But, however that may be, it is surely optimistic in the highest degree, with the history of Anglo-Irish relations before us, to suppose that an English settlement, forced upon a reluctant Ireland, would be accepted by her. And since the plan requires us to admit Irish representa-

tives to the present British Parliament, they would have a proved and powerful weapon to extort whatever further concessions they might desire. Meanwhile the Irish question would doubtless resume its familiar aspects. There would be the same agitation, the same irreconcilable parliamentary opposition, the same readiness to act on the maxim that England's difficulty is Ireland's opportunity, and the same unscrupulous misrepresentation of the actual facts in foreign countries and elsewhere. We should gain nothing; and Ireland would gain less than nothing, for she would be as discontented as before and worse governed.

I am assuming that in the federal scheme Ulster would form a separate federal union, as certain of the federalists propose. There are others who, like the advocates of the Dominion solution, reject this condition. In that case the proposal seems to me quite inadmissible. There are many of us who could not possibly consent to any plan which would transfer North-East Ulster against its will to an Irish Parliament. Moreover, it is quite clear that any scheme of that kind would never be accepted as a settlement. What, then, can be done?

The first thing, as it seems to me, is to realize that the demand of the Southern and Western Irish is not based on any sustainable charges of misgovernment, but depends wholly on the quite genuine anti-British sentiment which unfortunately dominates so many of them. They have never ceased to regard themselves as a conquered people, and have continued to dislike or even hate their conquerors. It is therefore no use talking to them about the advantages of British rule. As I have already said, it is a possible policy to impose it upon them with the

hope that after some lengthened period it would become acceptable to them. For the present, at any rate, it is out of the question to expect them to consent to its continuance. We have, however, the right to insist: first, that the Protestants of the North-East should not be forced to accept a system which they dislike quite as much as the Catholics of the rest of Ireland dislike the British rule; and we have also the right to demand that any settlement shall be consistent with the essential safety of Great Britain. Further, I think it of great importance that whatever plan is adopted it shall be assented to beforehand by those of the Irish people who will be affected by it.

I would therefore suggest that we should offer to the people of Ireland the same kind of constitution as our Dominions at present possess; that is to say, complete freedom of self-government, provided the control of foreign affairs and armaments remains in Imperial hands. Those portions of Ireland which accepted this proposal would cease to be represented in the British Parliament. If in future, as is much to be hoped, some new organization of the Empire is established, Dominion Ireland would naturally have its share in that organization if it wished. It would be clearly understood that this scheme would not be applied in any district in Ireland, such as North-East Ulster, where the majority of the population were against it. There would necessarily have to be subsidiary provisions on finance, but on these points it would be best to adopt a generous attitude. As an alternative, a federal constitution, with separate treatment for North-East Ulster, might also be offered, and a referendum should then be taken to ascertain which of the people desired either of these

alternatives, and which preferred to remain in the Union as at present existing.

Whether this plan, or indeed any other plan, would prove permanently satisfactory may well be doubted. It is only too much to be feared that long centuries of unrest have produced a frame of mind in many Irishmen which regards political agitation as almost a necessity for their existence. But an offer of the kind indicated would at any rate have these two great merits: it would, if accepted, take from the Nationalist Irish the power of paralyzing our Constitution in order to secure some political object for themselves; and it would, even if rejected, make it quite impossible for them to argue in foreign countries and the Dominions that the English were exploiting and insulting Ireland for purposes of their own. That is why the referendum is an essential part of these proposals. Any attempt to force on Ireland an English solution is, I am convinced, doomed to failure. The only chance of a settlement rests on compelling the Irish to say what they really want, and then, if it is at all consistent with Imperial safety and national honour, granting their request.

If, unfortunately, the referendum resulted in a rejection of these proposals, then at least we should have made it quite clear how the matter stands. Our bitterest critic at home or abroad would know what we had offered, and that our offer had failed through no fault of ours. The position would not be satisfactory, but it would have been considerably improved.

One caution in conclusion. A campaign of terrorism is now in progress. That must be suppressed before anything else can be done. As long as we are responsible for the government of Ireland we must govern. We cannot allow our soldiers and

the police to be murdered by cowardly ruffians, and then hand Ireland or any part of it over to their tender mercies. The first thing, therefore, is to re-establish the reign of law. When that has been done, proposals on the lines indicated seem to offer a fair chance of a real solution of the problem, and even if that be too sanguine a view, we should obtain by the offer itself a considerable amelioration of the present situation.

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